

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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**PUBLIC SERVICE
COMMISSION**

In the Matter of:

AN ADJUSTMENT OF THE ELECTRIC)
RATES, TERMS AND CONDITIONS OF) **CASE NO: 2003-00434**
KENTUCKY UTILITIES COMPANY)

**SUPPLEMENTAL REQUEST FOR INFORMATION
OF THE ATTORNEY GENERAL TO
KENTUCKY UTILITIES COMPANY**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Supplemental Requests for Information to Kentucky Utilities Company, to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (4) If any request appears confusing, please request clarification directly from the Office of Attorney General.
- (5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

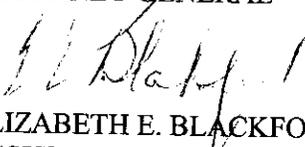
(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully Submitted,
A. B. CHANDLER, III
ATTORNEY GENERAL


ELIZABETH E. BLACKFORD
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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 1st day of March, 2004, I have filed the original and eight copies of the foregoing with the Executive Director of the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

MICHAEL S BEER
VICE PRESIDENT, RATES & REGULATORY
KENTUCKY UTILITIES COMPANY
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Supplemental Requests for Information
Of the Attorney General to
Kentucky Utilities Company
Case No. 2003-00434

1. Follow-up to Question 108 and 149.
 - a) It is not clear from these responses why this plant is being retired. Please provide an explanation.
 - b) Was any type of analysis performed like was done for the Green River 1 and 2 retirements? Please provide all analysis that justifies this retirement.
 - c) Please provide all analysis of the cost of refurbishing this plant, like the Falls of the Ohio plant is being refurbished, and the cost versus the value of the power that this plant could produce.
 - d) This response suggests that KU is surrendering the FERC license. FERC hydro licenses are very expensive to obtain and are of great value. Please explain why the license and the plant are not being sold, and revenue generated for KU, as opposed to surrendering the license and losing the value of this asset?

2. Follow-up to Question 157. The answer was not responsive to part (d) of the question. For each of the advertising campaigns listed in the attachment that are included in test-year expenses, please provide a sample of the advertising material. For TV, please provide the script used; for Brochures, please provide a copy of the newsletter; for School Presentations, please provide materials distributed; for Bill Inserts please provide the inserts; for Newspaper ads, please provide a copy of the ad; and for "labor and related" please provide a complete description of the purpose of this expense.

3. Follow-up to Question 157. During the test year, KU did extensive advertising at local sporting events.
 - a) Please provide the amount spent for advertising and sponsorship at sporting events,
 - b) The account under which the expense was billed, and the
 - c) Amount of the expense that is included in the case.

4. Follow-up to Question 161. This response lists expenses associated with MISO.
 - a) Please provide any revenues generated by MISO during the test-year.
 - b) Please quantify the benefits received from MISO during the test-year that could not be generated internally.

5. Follow-up to Question 162. This response states "Recent U.S. electric industry trends were also considered."
 - a) Please provide all reports or studies that outline the trends referenced.
 - b) Please describe the specific trends referred to, the conclusions that were drawn, and how the conclusions were applied to KU rate design.

6. Follow-up to Question 169. Please explain why the annual disconnects for non-payment has nearly doubled since 2000 and what KU has done to bring this annual number down.
7. Follow-up to Question 173. The responses referred to are simply workpapers. Please provide the actual Seelye Exhibits in electronic format (diskette or CD).
8. Follow-up to Question 177. In the previous rate cases LG&E used the BIP method to allocate production demand, while KU used the Probability of Dispatch (POD) method. In the present cases, Mr. Seelye chose to use the BIP method for both LG&E and KU.
 - a) Please explain why the BIP method was selected over of the POD which KU has used previously.
 - b) Please provide a calculation of a POD production demand allocation for the LG&E/KU system for the test year. If the company is unwilling to provide this calculation, please provide all raw data from the LG&E/KU system that is needed to calculate the POD production demand allocation.
9. Follow-up to Question 181. The response did not address the second part of this question. Please describe how the cost of the second meter would be recovered from ratepayers and how associated costs identified in the Cost of Service Study would be recovered.
10. Follow-up to Question 182.
 - a) Please provide an explanation as to why the KU maximum load is being moved to the LG&E maximum of 200 KW, rather than moving the LG&E maximum load to 5000 KW that KU uses presently.
 - b) Please provide the number of GS customers taking service at 200 KW or less as of the end of the test-year.
 - c) Please provide the number of GS customers taking service at over 200 KW as of the end of the test-year.
 - d) Please provide the average annual Kwh use of GS customers in test-year with loads of 200 KW or less.
 - e) Please provide the average annual Kwh use of GS customers in test-year with loads of over 200 KW.
11. Follow-up to Question 183. The answer is not responsive. If Mr. Seelye believes that the customer charge is important in sending the proper pricing signals, why does the All Electric School tariff not include a monthly customer charge when the KU Cost of Service Study customer costs for this class is \$50.13, according to the KU response to PSC-2 Question 30, page 6 of 6.
12. Follow-up to Question 185.
 - a) If these customers will be charged a customer charge for both meters, and the customer charge includes the KU calculated customer portion of the distribution system, is it true that this one customer will be paying twice for their customer portion of the distribution system.
 - b) If so, please explain why it is fair or appropriate to charge these customers twice for the customer portion of the distribution system.

- c) Please explain why KU is proposing to charge these customers two customer charges, while customers being moved off the Combined Off-Peak Water Heating rider will only be paying one customer charge, though they are being moved to a single rate also (see KU response to Question 181).
13. Follow-up to question 186 and 187. In this response Mr. Seelye indicates that different allocations were used in different jurisdictions.
- For account 512, regardless of what has been previously used in different jurisdictions, which classification, energy or demand, does Mr. Seelye believe is more appropriate?
 - For account 513, regardless of what has been previously used in different jurisdictions, which classification, energy or demand, does Mr. Seelye believe is more appropriate?
 - For account 514, regardless of what has been previously used in different jurisdictions, which classification, energy or demand, does Mr. Seelye believe is more appropriate?
14. Follow-up to question 188. With respect to Intangible Plant account “301.00 Organization:”
- For the portion of these costs that are classified as “Production”, why are they functionalized strictly as demand and no part is functionalized as energy?
 - Please provide a description of all the expenses that are included in this account.
15. Follow-up to question 189. With respect to Intangible Plant account “302.00 Franchise and Consents:”
- For the portion of these costs that are classified as “Production”, why are they functionalized strictly as demand and no part is functionalized as energy?
 - Please provide a description of all the expenses that are included in this account.
16. Follow-up to question 190. With respect to Intangible Plant account “303.00 Software:”
- For the portion of these costs that are classified as “Production”, why are they functionalized strictly as demand, and no part is functionalized as energy?
 - Please provide a description of all the expenses that are included in this account.
17. Follow-up to Question 193.
- Please provide the total OVEC generating capacity in MW.
 - Please provide the LG&E ownership and entitlement in OVEC, both in percent of total and in MW.
 - Please provide the KU ownership and entitlement in OVEC, both in percent of total and in MW.
 - Please provide the total EEInc. generating capacity in MW.
 - Please provide the KU ownership and entitlement in EEInc., both in percent of total and in MW.
 - Please provide the total OMU generating capacity in MW.
 - Please provide the KU ownership and/or entitlement to OMU power, both in percent of total and in MW.

- h) Are these invoices the same as those summarized in LG&E's response to KIUC Question 59 in Case No. 2003-00433?
18. Follow-up to Question 196.
a) This response identifies 41% of the expenses in Account 903. Please provide a description of the other 59% of the expenses in this account.
b) Is it true that the breakdown of the expenses in this account would be similar for LG&E? If not, please provide a similar breakdown for LG&E.
19. Follow-up to Question 204.
a) Please explain why both "brokered sales" expenses and revenues should not be allocated on "total revenues" as opposed to energy.
b) What do revenues and expenses from brokered sales have to do with the amount of energy sold to a particular rate class?
20. Follow-up to Question 217. Is it true that the assets used to service these customers (meters, services, etc.) in the Cost of Service Study are the assets in place on September 30, 2003, at the end of the test-year and not the average assets during the test-year?
21. Follow-up to Question 218 and PSC-2 Question 30. It appears that the requested calculations are summarized in the response to PSC-2 Question 30.
a) Please provide all calculations used to develop these customer charge summaries in this response.
b) Please provide the response to PSC-2 Question 30 in an electronic format with all embedded formulae left intact. If this exhibit is as an addition to the Cost of Service Study, with cell references to values in the Cost of Service Study, please also supply the Cost of Service Study with these cell reference links intact.
22. Follow-up to Question 223. This response states that the SQF tariff is updated every two years. Will KU be updating the SQF tariff on or before May 14, 2004? If so, when?
23. Follow-up to Question 225. This response lists \$29,374 for a Direct Mail campaign.
a) Please provide a copy of the material sent out in this direct mail campaign.
b) Please provide number of people or groups this was sent to and a description of the type and persons or groups targeted by this mailing.
24. Follow-up to Question 226. Please provide a description of what "2003 UARG participation" is in this response.
25. Follow-up to Question 226. Please provide a cost benefit analysis that quantifies the benefits of EEI membership for ratepayers and demonstrate that the benefits are greater than the reported cost.
26. Follow-up to AG 1-49.

- a) Please provide the “plant-specific five-year business plans” discussed on page 11 of 36.
 - b) Identify all of the “benchmarks developed in One-Utility project” based on “like-configured panel of US plants,” discussed on page 11 of 36.
27. Follow-up to AG 1-52. What is the distinction between “preventive” work as shown on page 3 of 14 versus “capital” as shown on page 5 of 14? Who makes the decision and what criteria are used?
28. Follow-up to AG 1-119. Please provide the audit reports which were not included in the response.
29. Follow-up to AG 1-120.
- a) See the 10/29/03 email to Skaggs from Robinson. What is the “scrubber issue” and what is the “site decommissioning and site reuse issue?”
 - b) See the 9/25/03 email from Skaggs to Robinson. Please provide the “FERC amortization authorization letter.”
 - c) See the 9/22/03 email from Robinson to Skaggs regarding “re-allocation of gross salvage and cost of removal.” Please explain this email in detail.
 - d) See Depreciation Study – Net Salvage Data, Etc. Questions, Attachment to AG 1-120, page 15 of 231. What is the net salvage associated with the Pineville Unit 3 retirement?
30. By Order dated 12 September 1997 in PSC Case No. 97-300, KU and LG&E individually or jointly were directed to file detailed plans to address whether or not it would continue under traditional regulation or would move to “non-traditional” regulation. In PSC Case No. 98-474 KU elected non-traditional regulation, ultimately in the form of acceptance of the Commission’s proposal of an ESM rather than in the form of the PBR initially proposed by the Company.
- a) Does the filing of this traditional rate case mean that KU is now prepared to end “non-traditional” regulation and return to traditional regulation? Explain the answer in detail.
 - b) If so, when does KU propose that the alternative regulation represented by the ESM end? Please explain in detail why KU deems the end point it has chosen as the appropriate end point.
 - c) If this rate case represents the end of non-traditional regulation, how does KU propose to wind up recoveries under the ESM?
 - d) Please explain why KU should be allowed to continue ESM recovery past the date on which this rate case was filed.
 - e) Please explain why it would be appropriate to both grant KU a rate increase under traditional regulation and to continue non-traditional regulation.
 - f) Please provide an estimate of the impact of the continuation of the ESM on rates if the ESM were to be discontinued effective the date the rate case was filed and if it were

to be discontinued the latest date new rates could go into effect under this filing or at the end of the next complete year cycle of the ESM. In the response, please indicate both the date the anticipated amount of the recovery and the date it would begin and end and the assumptions underlying the answer.